

January 24, 2005

BY E-FILE AND HAND DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 04-111

Dear Secretary Cottrell:

Enclosed for filing are Bay State Gas Company's responses to the First Set of Information Requests of the Department of Telecommunications and Energy. Please note that Bay State seeks protection over its responses to DTE-1-1, DTE-1-4, DTE-1-8 and DTE-1-9 in whole or in part, and for that reason, a Motion for Protective Treatment accompanies this filing.

A single copy of the confidential responses to DTE-1-1, DTE-1-4, DTE-1-8 and DTE-1-9 have been served directly upon the Hearing Officer in a sealed envelope.

Please do not hesitate to telephone me with any questions whatsoever. Kindly date-stamp a copy of this letter for our files and return it to us in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

Patricia M. French

cc: Shaela Collins, Esq., Hearing Officer
George Yiankos, Director, DTE Gas Division

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BAY STATE GAS COMPANY)
BP AGREEMENT)

D.T.E. 04-111

**MOTION OF BAY STATE GAS COMPANY
FOR PROTECTIVE TREATMENT**

NOW COMES Bay State Gas Company (“Bay State”) and respectfully requests that the Department of Telecommunications and Energy (“the Department”) grant it protection from public disclosure over certain confidential, competitively sensitive and proprietary information submitted in this proceeding and in accordance with G.L. c. 25, sec. 5D. On November 24, 2004, Bay State filed a Gas Sales Agreement between Bay State and BP Canada Energy Company (Exh. FCD-1 (Confidential) for the Department’s approval. On January 7, 2005, the Department propounded upon Bay State its First Set of Information Requests (DTE-1-1 through DTE-1-22). Of the 22 requests, four (4) seek information that is confidential to Bay State and which constitutes a trade or business secret; therefore, this material is appropriately protected for the reasons set forth herein: DTE-1-1 (CONFIDENTIAL), DTE-1-4 (CONFIDENTIAL), DTE-1-8 (CONFIDENTIAL), and DTE-1-9 (CONFIDENTIAL). A sunset is proposed (5 years from the expiration of the agreement) that is appropriate for the protection sought. Finally, Bay State certifies that the information sought protected is not available in the public domain.

Accordingly, in support of this Motion, Bay State states:

1. On November 24, 2004, Bay State filed, for Department approval Gas Sales Agreement between Bay State and BP Canada Energy Company (Exh. FCD-1 (Confidential)).
2. On January 7, 2005, the Department propounded its First Set of Information Requests.
3. As part of the requests made by the Department in the proceeding, the Department asked the following (non-confidential requests that are also part of the inquiries have been omitted):

DTE 1-1: Please refer to page 6 of Mr. DaFonte's pre-filed testimony.

- (b) What portion of the total GSA RFP cost was borne by (1) the local distribution companies that constitute the Project Renewal Group ("Renewal Group"); (2) Northeast Gas Markets, LLC ("NEGM"); (3) Bay State; and (4) any other individual and/or entity?

DTE 1-4: In reference to the proposed GSA, it appears that the penalty for Seller default is limited to (a) the termination payment, which obligates the Seller to honor the contract through the end of the month in which the Buyer rightfully exercises its termination option, or (b) the obligation to pay the product of the Seller Deficiency Quantity multiplied by the Replacement Price Differential as long as the default continues and the Buyer elects not to terminate; in either case, the supply of gas appears to be interrupted. Please comment on (i) this characterization of the penalty limitation and (ii) how the proposed GSA addresses the Department's long-standing concern for reliability of gas supply contracts, addressing, among other things, the default penalty limitation and the hypothesis, as seems to be alluded to in section 12.3 of the GSA, that gas suppliers give priority to long-term over short-term gas sales contracts.

DTE 1-8: Please refer to the proposed MSA.

- (a) Describe its compensation mechanism.
- (b) Identify NEGM's total earnings pursuant to the MSA.
- (c) What portion of NEGM's total earnings is borne by (1) the Renewal Group; (2) Bay State; and (3) any other individual and/or entity?

DTE 1-9: How does NEGM's compensation mechanisms for the proposed AA and MSA compare to the compensation mechanisms for the current AA and MSA associated with the EnCana Corporation supply?

4. Bay State's responses to DTE-1-1(b) (CONFIDENTIAL), DTE-1-4 (CONFIDENTIAL), DTE-1-8 (a) – (c) (CONFIDENTIAL), and DTE-1-9 (CONFIDENTIAL) necessarily include confidential and competitively sensitive information.
- DTE-1-1(b) (CONFIDENTIAL) includes information on how costs associated with the acquisition of the new BP supply would be split among the consortium participants, consistent with the management services agreement ("MSA") (Exhibit FCD-3 (CONFIDENTIAL)) over which Bay State sought confidential treatment of in its initial filing on November 24, 2004;
 - DTE-1-4 (CONFIDENTIAL) seeks an assessment of characterized default provisions in the Gas Sales Agreement with BP, over which GSA (Exhibit FCD-1 (CONFIDENTIAL)) Bay State sought confidential treatment in its initial filing on November 24, 2004;
 - DTE-1-8 (a) – (c) (CONFIDENTIAL) seeks information on the compensation and earnings in the MSA, information which Bay State sought protection for in its initial filing on November 24, 2004; and,
 - DTE-1-9 seeks information relative to compensation in the Agency Agreement ("AA") (Exhibit FCD-2 (CONFIDENTIAL)) and MSA (Exhibit FCD-3 (CONFIDENTIAL)) relative to prior agreements for the same or similar services. Once again, the compensation provisions of the

MSA are deemed confidential by Bay State, for the reasons set forth in its

Motion for Protective Treatment filed on November 24, 2004.

5. For all the reasons set forth in its initial Motion (attached hereto for convenience as Attachment A), the information sought constitutes confidential and competitively sensitive business information. Therefore, Bay State seeks protection from public disclosure. Protection for this information is appropriate pursuant to Chapter 25, section 5D of the General Laws of Massachusetts.

6. Bay State's responses necessarily include confidential and competitively sensitive (1) natural gas commodity and demand pricing information; (2) trade and business secret information; and (3) individually negotiated terms that reflect business intent and strategies. This information is a result of Bay State's participation in competitive markets and must remain proprietary so that Bay State is able to evaluate its alternatives, to negotiate, and to bargain with competing entities for a best-cost portfolio of contracts to serve its customers.

7. G.L. c. 25, sec. 5D is specifically designed to protect against disclosure of competitively sensitive information. That provision, in part, provides

[T]he [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which protection is sought is public information and the burden shall be upon the proponent of such protection to prove the need for such protection. Where such a need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

G.L. c. 25, sec. 5D. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest. Berkshire Gas Co., D.P.U. 93-187/188/189/190 at 16 (1994). The utility must show need by a specific factual demonstration and with respect to price terms, must show the manner in which the price term is competitively sensitive. Id.

8. The Department has previously granted protective orders over information that may inform the market of procurement strategies and preferences and results from negotiations, which if divulged, could weaken a utility's bargaining position and potentially increase the cost of procuring supplies for Bay State and its customers. See, e.g. Colonial Gas Co., D.P.U. 96-18 at 4 (1996) (protected pricing terms in gas supply contract, including all reservation fees and demand charges, commodity charges and other pricing information).

9. Disclosure of Bay State's confidential information relative to its contracts may jeopardize Bay State's current and future attempts to obtain the lowest pricing for its gas supplies, storage contracts and asset/portfolio management contracts. This confidential, commercially sensitive and proprietary information is the type of information the Department may protect from public disclosure pursuant to G.L. c. 25, sec. 5D and is the type of information that the Department has previously recognized is appropriate for protection.

10. To Bay State's knowledge, the information over which Bay State seeks protection is not available publicly.

11. Bay State asks that the protection over this material continue for 5 years past the last day of the year of expiration, with Bay State granted the right to seek perpetuation of the Department's protection at the end of the 5th year. In particular, Bay State may be seeking renewal or replacement supply at the same or similar locations. Making these contractual terms public would compromise Bay State's ability to control its RFP processes (as the limited number of participants would know both the most recent pricing and the competitor offering that price) and would inhibit Bay State's ability to ensure robust competition to provide the lowest reasonably priced replacement or renewal supply or management services. Public availability of this information would impede Bay State's ability to favorably negotiate new terms to the benefit of its customers.

WHEREFORE, Bay State Gas Company respectfully requests that the Department of Telecommunications and Energy grant its Motion for Protective Treatment, protect from public disclosure DTE-1-1 (CONFIDENTIAL), DTE-1-4 (CONFIDENTIAL), DTE-1-8 (CONFIDENTIAL), and DTE-1-9 (CONFIDENTIAL) for

the reasons provided and grant all such other relief as is necessary and proper.

Respectfully submitted,

BAY STATE GAS COMPANY

By its attorney,

Patricia M. French
NISOURCE CORPORATE SERVICES COMPANY
300 Friberg Parkway
Westborough, MA 01581
(508) 836-7394
fax (508) 836-7039

DATED: January 24, 2005

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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BAY STATE GAS COMPANY)	D.T.E. 04-__
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**MOTION OF BAY STATE GAS COMPANY
FOR PROTECTIVE TREATMENT**

NOW COMES Bay State Gas Company (“Bay State”) and respectfully requests that the Department of Telecommunications and Energy (“Department”) grant it protection from public disclosure over certain confidential, competitively sensitive and proprietary information submitted in this proceeding and in accordance with G.L. c. 25, sec. 5D. In addition, Bay State states that this material is not and will not be available in the public domain. Sunsets for the protection requested are set out below.

1. The material for which Bay State seeks protection is located in the filing at Exh. BSG-1. In particular, Bay State seeks protection over the following exhibits that accompany and support the prefiled Direct Testimony of Francisco C. DaFonte:

Exh. FCD-1 (Confidential)	Gas Sales Agreement between Bay State and BP
Exh. FCD-2 (Confidential)	Northeast Gas Markets LLC (“NEGM”) Agency Agreement
Exh. FCD-3 (Confidential)	NEGM Management Services Agreement
Exh. FCD-6 (Confidential)	Actual Responses to Request for Proposals (“RFP”) for Gas Supply
Exh. FCD-7 (Confidential)	Summary and Analysis of Responses to Gas Supply RFP

- Exh. FCD-11 (Confidential) Summary and Analysis of Non-Price Scoring Results for Gas Supply RFP
- Exh. FCD-12 (Confidential) Price Ranking of Gas Supply RFPs
- Exh. FCD-15 (Confidential) Actual Responses to Refresher Gas Supply RFP
- Exh. FCD-17 (Confidential) SENDOUT® Model Total Portfolio Analysis
- Exh. FCD-19 (Confidential) Actual Responses to RFP for Management Services
- Exh. FCD-20 (Confidential) Bid Price Analysis of Responses to RFP for Management Services

2. In summary, Bay State seeks protection over (1) the pricing provisions of the Gas Sales Agreement between Bay State and BP Canada Energy Company (Exh. FCD-1 (Confidential)); (2) the terms of the AA and MSA, which are proprietary pursuant to the agreements themselves (Exh. FCD-2 (Confidential); Exh. FCD-3 (Confidential)); (3) the identity of bidders and proposed pricing provisions as divulged in the actual responses to the RFPs issued by the Renewal Group, of which Bay State is a part (Exh. FCD-6 (Confidential); Exh. FCD-15 (Confidential); Exh. FCD-19 (Confidential)); (4) both NEGM's and Bay State's proprietary evaluative rankings of the price and non-price factors of each of the responses to the RFP for gas supply, management and agency services (Exh. FCD-7 (Confidential); Exh. FCD-11 (Confidential); Exh. FCD-12 (Confidential); Exh. FCD-20 (Confidential)); and (5) Bay State's SENDOUT® Model Total Portfolio Analysis (Exh. FCD-17 (Confidential)). More detail on the specific requests for protection is provided below.

3. G.L. c. 25, sec. 5D is specifically designed to protect against disclosure of competitively sensitive information. That provision, in part, provides

[T]he [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which protection is sought is public information and the burden shall be upon the proponent of such protection to prove the need for such protection. Where such a need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

G.L. c. 25, sec. 5D. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest. Berkshire Gas Co., D.P.U. 93-187/188/189/190 at 16 (1994). The utility must show need by a specific factual demonstration and with respect to price terms, must show the manner in which the price term is competitively sensitive. Id.

4. Exh. FCD-1 (Confidential) - Gas Sales Agreement (GSA) between Bay State and BP : The Bay State/ BP GSA articulates confidential and competitively sensitive natural gas commodity and demand pricing information. Disclosure of Bay State's confidential pricing information relative to current and expected gas supply may jeopardize Bay State's current and future attempts to obtain the lowest pricing for its gas supply contracts. This confidential, commercially sensitive and proprietary information is the type of information the Department may protect from public disclosure pursuant to G.L. c. 25, sec. 5D and is the type of information that the Department has previously recognized is appropriate for protection.

The Department has previously granted protective orders over pricing information in order to avoid informing the market of distribution company pricing strategy and results from negotiations, which if divulged, could weaken a utility's bargaining position and potentially increase the cost of procuring supplies for Bay State and its customers. See, e.g. Colonial Gas Co., D.P.U. 96-18 at 4 (1996) (protected pricing terms in gas supply contract, including all reservation fees and demand charges, commodity charges and other pricing information).

Supply contracts are not available at any time in the public domain and because Bay State has limited delivery points, public disclosure of the negotiated pricing under this agreement may be detrimental to Bay State's future negotiations for supply. Accordingly, Bay State seeks a sunset on the requested protection of five years from the date of the expiration of the GSA contract, or April 1, 2012 with Bay State granted the right to seek perpetuation of the Department's protection. If the GSA is renewed, Bay State will seek a contemporaneous renewal of protection from the Department at that time.

5. Exh. FCD-2 (Confidential) - NEGM Agency Agreement: The NEGM Agency Agreement is proprietary according to its terms. Exh. FCD-2 (Confidential) at 8. This agreement documents a private commercial transaction and its terms constitute a trade secret and proprietary business information to both Bay State and NEGM. Both parties would be harmed if future potential counterparties were to gain access to the terms and conditions negotiated here. The Agency Agreement remains in effect contemporaneous with the GSA and any renewal. Exh. FCD-2 (Confidential) at 7.

Accordingly, Bay State asks the Department to impose a sunset on the requested protection of one year from the date of the expiration of the GSA contract, or April 1, 2008 with Bay State granted the right to seek perpetuation of the Department's protection. If the GSA is renewed, Bay State will seek a contemporaneous renewal of protection over the Agency Agreement from the Department at that time.

6. Exh. FCD-3 (Confidential) - NEGM Management Services Agreement ("MSA"): The NEGM MSA is proprietary according to its terms. Exh. FCD-3 (Confidential) at 9. This agreement documents a private commercial transaction and its terms constitute a trade secret and proprietary business information to both Bay State and NEGM. Both would be harmed and weakened in future negotiations if future potential counterparties were able to gain access to the terms and conditions negotiated in the MSA. The MSA remains in effect contemporaneous with the GSA and any renewal. Exh. FCD-3 (Confidential) at 8. Accordingly, Bay State asks the Department to impose a sunset on the requested protection of one year from the date of the expiration of the GSA contract, or April 1, 2008 with Bay State granted the right to seek perpetuation of the Department's protection. If the GSA is renewed, Bay State will seek a contemporaneous renewal of protection over the MSA from the Department at that time.

7. Exh. FCD-6 (Confidential) - Actual Responses to RFP for Gas Supply; Exh. FCD-15 (Confidential) - Actual Responses to Refresher Gas Supply RFP; Exh. FCD-19 (Confidential) - Actual Responses to RFP for Management Services: Each of the bid responses was provided to Bay State under mutual promises of propriety and confidentiality. Accordingly, the actual bid responses received by Bay State as a result of

this competitive bid and RFP process should be protected from public disclosure. In addition, where a regulated company assures a bidder that specific information will not be publicly disclosed, public disclosure would act to chill participation and otherwise compromise the integrity of the RFP process. In order to ensure receipt of the broadest, most numerous and most competitive best cost offers for its supply needs and management services requirements, Bay State asks that all standards and expectations of confidentiality established with the prospective bidders should be maintained by the Department. This information is not available in the public domain. In order to further the policy of protecting and promoting the integrity and robustness of future RFP processes, Bay State requests that the Department protect these actual bid responses indefinitely.

8. Exh. FCD-7 (Confidential) - Bay State Summary of Responses to Gas Supply RFP; Exh. FCD-11 (Confidential) - Summary of Non-Price Scoring Results for Gas Supply RFP; Exh. FCD-12 (Confidential) - Price Ranking of Gas Supply RFPs; Exh. FCD-20 (Confidential) - Bid Price Analysis of Responses to RFP for Management Services: Bay State uses the commodity and demand costs of gas supplies procured in the competitive market to evaluate its alternatives, to negotiate, and to bargain with competing entities for a best-cost portfolio of supply, storage and asset/management contracts. All evaluations of supply alternatives weigh existing and competing supplies and resources. This pricing information constitutes confidential and competitively sensitive business information. The Department has previously granted protective orders over strategic pricing analyses in order to avoid informing the market of LDC pricing

strategy and its proprietary evaluation of the results of RFPs and the resulting negotiations, which if divulged, could weaken a utility's bargaining position and potentially increase the cost of procuring supplies for Bay State and its customers. See, e.g. Colonial Gas Co., D.P.U. 96-18 at 4 (1996) (protected pricing terms in gas supply contract, including all reservation fees and demand charges, commodity charges and other pricing information).

With regard to its evaluation of the proposed bids for management services, Bay State's method of evaluation is also held in strict confidence within Bay State and if its private and proprietary analysis of price and non-price factors were divulged publicly, potential future providers of management services would be privy to the manner and weighting identified by Bay State as essential to the provision of service. Bay State is likely to be limited in its future negotiating strength by such public exposure.

Because the confidential workproduct and rating information contained in Exh. FCD-7 (Confidential), Exh. FCD-11 (Confidential), Exh. FCD-12 (Confidential) and Exh. FCD-20 (Confidential) is not shared outside of the organization (except as required to meet regulatory obligations before the Department), Bay State requests that the Department protect each of these proprietary analyses indefinitely.

9. Exh. FCD-17 (Confidential) SENDOUT® Model Total Portfolio Analysis: The analysis generated by Bay State's use of the SENDOUT® Model supports Bay State's request for approval of the GSA between Bay State and BP and the MSA between Bay State and NEGM. As required by Department precedent in this area, Mr. DaFonte's testimony demonstrates the price and non-price advantages of the BP supply

with the costs of the MSA, versus alternative resource options. The model demonstrates the current and expected price of capacity, supply and available alternatives and provides detail that is held in strict confidence by Bay State in its supply planning and portfolio optimization processes. It constitutes a trade secret of Bay State and if divulged, would seriously compromise Bay State's strength of negotiation in future transactions relating to new supply and capacity, whether for future baseload or future peaking needs or for renewals. The Department has previously granted protection over Bay State's SENDOUT® total portfolio analysis, and should do so here once again.

Because Bay State's SENDOUT® total portfolio analysis is not shared outside of the organization (except as required to meet regulatory obligations before the Department), Bay State requests that the Department protect this proprietary analysis indefinitely and not impose a sunset on its protection.

10. Allowing the terms of negotiated natural gas supply contracts or Bay State's proprietary analysis associated with the same to become part of the public domain would compromise Bay State's ability to control the RFP process (as the limited number of participants would know both the most recent pricing and the competitor offering that price) and would inhibit Bay State's ability to make suppliers compete to provide the lowest reasonably priced replacement or renewal supply. Public availability of negotiated natural gas supply contracts or Bay State's proprietary analysis associated with the same would impede Bay State's ability to favorably negotiate new terms to the benefit of its customers.

11. Protection over this information is appropriate pursuant to Chapter 25, section 5D of the General Laws of Massachusetts.

WHEREFORE, Bay State Gas Company respectfully requests that the Department of Telecommunications and Energy grant its Motion for Protective Treatment as stated herein, and protect from public disclosure certain exhibits contained in the prefiled Direct Testimony and Exhibits of Francisco C. DaFonte (Exh. BSG-1).¹

Respectfully submitted,

BAY STATE GAS COMPANY

By its attorney,

Patricia M. French
NISOURCE CORPORATE SERVICES COMPANY
300 Friberg Parkway
Westborough, MA 01581
(508) 836-7394
fax (508) 836-7039

DATED: November 24, 2004

¹ Exh. FCD-1 (Confidential)(Gas Sales Agreement between Bay State and BP); Exh. FCD-2 (Confidential)(Northeast Gas Markets LLC Agency Agreement); Exh. FCD-3 (Confidential)(NEGM Management Services Agreement); Exh. FCD-6 (Confidential)(Actual Responses to Request for Proposals for Gas Supply); Exh. FCD-7 (Confidential)(Summary and Analysis of Responses to Gas Supply RFP); Exh. FCD-11 (Confidential) (Summary and Analysis of Non-Price Scoring Results for Gas Supply RFP); Exh. FCD-12 (Confidential)(Price Ranking of Gas Supply RFPs); Exh. FCD-15 (Confidential)(Actual Responses to Refresher Gas Supply RFP); Exh. FCD-17 (Confidential)(SENDOUT[®] Model Total Portfolio Analysis); Exh. FCD-19 (Confidential)(Actual Responses to RFP for Management Services); Exh. FCD-20 (Confidential)(Bid Price Analysis of Responses to RFP for Management Services)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-111

Date: January 24, 2005

Witness Responsible: Francisco C. DaFonte

REDACTED RESPONSE

DTE 1-1: Please refer to page 6 of Mr. DaFonte's pre-filed testimony.

- (a) What was the total cost associated with the gas sales agreement ("GSA") Request for Proposal ("RFP") process?
- (b) What portion of the total GSA RFP cost was borne by (1) the local distribution companies that constitute the Project Renewal Group ("Renewal Group"); (2) Northeast Gas Markets, LLC ("NEGM"); (3) Bay State; and (4) any other individual and/or entity?
- (c) Describe the mechanism used to assign costs associated with the GSA RFP.

RESPONSE:

- (a) The total cost associated with the GSA RFP process and subsequent GSA contract negotiations was \$152,372.
- (b) **REDACTED RESPONSE. The information sought constitutes a confidential business or trade secret of Bay State. Accordingly, Bay State has filed a Motion for Protective Treatment herewith, and provides this information in sealed single copy with the Hearing Officer.**
- (c) The costs of an NEGM Customer Group gas supply project are allocated to participating LDCs on the basis of their individual volume nomination in a particular gas supply project. For example, an LDC nominating 10,000 Dth/day in a 100,000 Dth/day NEGM Customer Group project will be responsible for 10% of that project's costs.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-111

Date: January 24, 2005

Witness Responsible: Francisco C. DaFonte

DTE 1-2: Please refer to pages 11-12 of Mr. DaFonte's pre-filed testimony and the four criteria that were used to evaluate the GSA RFP responses.

- (a) Describe the basis for assessing the weighting factor of each criteria.
- (b) Discuss how the new gas commodity contract will satisfy these criteria and contribute to diversify Bay State's commodity resource portfolio. Please provide a Table containing the total number of gas commodity contracts, area of origin of gas, length of contracts, and suppliers.

RESPONSE:

- (a) Each of the non-price criteria contains specific elements within it (Exhibit FCD-10) that are used to subjectively determine a ranking. These non-price criteria along with the weighting factors are the same as those utilized by Bay State originally in D.P.U. 93-129 and which the Company has used consistently in evaluating each and every one of its RFP bids since 1993.
- (b) The Company purchases supplies from various supply basins and various receipt points. This new gas supply contract is sourced from Alberta and the Company takes receipt of the gas at the international border at Niagara, NY. This contract adds diversity not only because it provides an alternative receipt point into the U.S., but that it provides supplier diversity since the Company does not have any current short or long term contracts with BP.

In terms of satisfying the criteria utilized by the Company, from a reliability perspective, BP is one of the largest producers of natural gas in North America and has a strong presence in the Northeast and New England including a satellite trading office located just outside Boston that is focused on the needs of its Northeast customers. BP is also providing significant flexibility by allowing Bay State to nominate from 0 Dth up to its DCQ prior to the beginning of the month without any obligations to take or pay for the gas under contract. This allows Bay State to tailor its nominations each month to meet its firm customers requirements and also allows Bay State to avoid having to assign this contract as a "company managed" supply to retail marketers under its mandatory capacity assignment tariff. As far as

viability is concerned, BP is one of the most financially sound energy companies in the world with an unparalleled history of reliable deliveries to Northeast customers. Please see also Attachment DTE 1-2(b).

Bay State Gas - Supply Contracts

<u>Long Term Supplies</u>	<u>Supply Basin</u>	<u>Receipt Point</u>	<u>MDQ</u>	<u>Days</u>	<u>Contract Expiration</u>
Mass Power	WCSB - Alberta	Monson, MA	25,000	20	10/31/2009
NEGM	WCSB - Alberta	Niagara, NY	10,471	365	3/31/2005
DEM	WCSB - Alberta	East Hereford, Quebec	4,900	365	10/31/2006
Husky	WCSB - Alberta	Niagara, NY	6,424	365	10/31/2005
 <u>Short Term Supplies</u>					
Cargil	Gulf Coast	Tennessee Gulf Coast	12,700	151	3/31/2005
DOMAC	Trinidad	Brockton, MA	15,000	151	3/31/2005
DOMAC	Trinidad	Brockton, MA	10,000	151	3/31/2005
Emera	Sable Island	Beverly, MA	5,000	151	3/31/2005
Sequent	WCSB - Alberta	Waddington, NY	27,500	151	3/31/2005
Sprague	Gulf Coast	TETCo Gulf Coast	Up to 35,000	151	4/30/2005

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DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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D.T.E. 04-111

Date: January 24, 2005

Witness Responsible: Francisco C. DaFonte

DTE 1-3: Please refer to Page 14 of Mr. DaFonte's pre-filed testimony. Explain what effect, difficulty or complication the selection of more than one replacement supply by the individual members of the Renewal Group had upon NEGM, the Renewal Group, or the RFP process.

RESPONSE: The effect of selecting more than one replacement supply by the individual members of the Renewal Group was a positive one. Engaging multiple suppliers in an RFP process generates price transparency and price validation benefits. Also, multiple suppliers add diversity to the portfolios of some of the members in the Renewal Group. For example, if one particular supplier had a dominant supply role in a member's portfolio, adding more supply from that same supplier would reduce the diversity in the portfolio, but adding a new supplier would have the opposite effect.

There are minimal complications resulting from using more than one replacement supplier. For all intents and purposes, virtually the same contract is used with everyone. The contract details such as supplier, contract amount, term, etc are customized with each individual LDC.

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Date: January 24, 2005

Witness Responsible: Francisco C. DaFonte

REDACTED RESPONSE

DTE 1-4: In reference to the proposed GSA, it appears that the penalty for Seller default is limited to (a) the termination payment, which obligates the Seller to honor the contract through the end of the month in which the Buyer rightfully exercises its termination option, or (b) the obligation to pay the product of the Seller Deficiency Quantity multiplied by the Replacement Price Differential as long as the default continues and the Buyer elects not to terminate; in either case, the supply of gas appears to be interrupted. Please comment on (i) this characterization of the penalty limitation and (ii) how the proposed GSA addresses the Department's long-standing concern for reliability of gas supply contracts, addressing, among other things, the default penalty limitation and the hypothesis, as seems to be alluded to in section 12.3 of the GSA, that gas suppliers give priority to long-term over short-term gas sales contracts.

RESPONSE: **CONFIDENTIAL RESPONSE. The information sought constitutes a confidential business or trade secret of Bay State. Accordingly, Bay State has filed a Motion for Protective Treatment herewith, and provides this information in sealed single copy with the Hearing Officer.**

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 04-111

Date: January 24, 2005

Witness Responsible: Francisco C. DaFonte

DTE 1-5: Please refer to page 3 of Mr. DaFonte's pre-filed testimony and sections 4.3 and 5.1 of the proposed GSA.

- (a) Please discuss whether this is a take or pay agreement.
- (b) Explain what happens in the event that Bay State elects to not take gas in a given month by reducing the MDQ to zero. Would Bay State's customers be responsible for any fixed costs/charges?
- (c) How many domestic commodity contracts does Bay State have with take or pay clauses similar to the proposed GSA?

RESPONSE: (a) The GSA is not a take or pay agreement. Bay State has until five (5) business days prior to the beginning of the month to establish with Seller the quantity of gas Bay State requires Seller to deliver, which can be anywhere between 0 Dth and 10,471 Dth.

- (b) In the event Bay State elects not to take gas in a given month, Bay State's customers are not obligated to pay any fixed costs under the GSA.
- (c) The GSA does not have a take or pay clause. Bay State does not have any domestic commodity contracts with language similar to that contained in the GSA.

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Witness Responsible: Francisco C. DaFonte

DTE 1-6 Please identify the date on which Bay State entered into (1) the Renewal Group; (2) the Management Services Agreement ("MSA") with NEGM; and (3) the Agency Agreement ("AA") with NEGM.

RESPONSE: (1) Bay State has been a member of the Renewal Group through its predecessor, Boundary Gas, Inc., since the early 1980's.

(2) The MSA and the AA both have an effective date of February 4, 2004 to accommodate those members of the Renewal Group whose contracts expired on April 1, 2004. However, Bay State did not enter into the MSA and the AA with NEGM until November 16, 2004.

(3) Please see the response to (2) above.

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Witness Responsible: Francisco C. DaFonte

DTE 1-7: Please refer to the proposed AA.

- (a) Describe its compensation mechanism.
- (b) Identify NEGM's total earnings pursuant to the AA.
- (c) What portion of NEGM's total earnings is borne by (1) the Renewal Group; (2) Bay State; and (3) any other individual and/or entity?

RESPONSE: NEGM receives no compensation via the AA. The AA simply authorizes NEGM to act on behalf of the participating Renewal Group LDCs with respect to the administration and management of the underlying gas supply contracts. NEGM's compensation for those administration / management services is described under the terms of the MSA.

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Witness Responsible: Francisco C. DaFonte

REDACTED RESPONSE

DTE 1-8: Please refer to the proposed MSA.

- (a) Describe its compensation mechanism.
- (b) Identify NEGM's total earnings pursuant to the MSA.
- (c) What portion of NEGM's total earnings is borne by (1) the Renewal Group; (2) Bay State; and (3) any other individual and/or entity?

RESPONSE: (a), (b) and (c) **CONFIDENTIAL RESPONSE. The information sought constitutes a confidential business or trade secret of Bay State. Accordingly, Bay State has filed a Motion for Protective Treatment herewith, and provides this information in sealed single copy with the Hearing Officer.**

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Witness Responsible: Francisco C. DaFonte

REDACTED RESPONSE

DTE 1-9: How does NEGM's compensation mechanisms for the proposed AA and MSA compare to the compensation mechanisms for the current AA and MSA associated with the EnCana Corporation supply?

RESPONSE: **CONFIDENTIAL RESPONSE. The information sought constitutes a confidential business or trade secret of Bay State. Accordingly, Bay State has filed a Motion for Protective Treatment herewith, and provides this information in sealed single copy with the Hearing Officer.**

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Witness Responsible: Francisco C. DaFonte

DTE 1-10: Please refer to page 15 of Mr. DaFonte's pre-filed testimony.

- (a) Did Bay State or other members of the Renewal Group conduct an RFP for the AA? If so, provide a copy of the AA RFP and of all responses.
- (b) Discuss, and support with documentation, the process by which potential agency agreement providers were identified and NEGM selected to provide such services.

RESPONSE:

- (a) There was no RFP conducted by Bay State or any other Renewal Group member that Bay State is aware of for the purpose of entering into an Agency Agreement. The AA simply authorizes NEGM to act on behalf of the participating Renewal Group LDCs with respect to the administration and management of the underlying gas supply contracts. NEGM's compensation for those administration / management services is described under the terms of the MSA.
- (b) Please see the response to DTE 1-11.

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DTE 1-11: Please refer to page 17 of Mr. DaFonte's pre-filed testimony. Discuss, and support with documentation, the process by which potential management services providers were identified and NEGM selected to provide such services.

RESPONSE: Bay State identified potential management service providers through its experience in either having dealt directly with the entity or knowing of other companies that have dealt with the entity. Most of the companies capable of providing supply management services are primarily focused on providing diversified energy consulting services and offer supply management services as a secondary service. NEGM is ostensibly the only Company whose primary focus is providing supply aggregation and management services through an agency agreement. Although the other companies identified are focused primarily on consulting services, they were deemed by the Company as having the wherewithal to manage large supply contracts.

As Exhibit FCD-20 demonstrates, NEGM was clearly the least-cost service provider by virtue of its ability to spread consulting and legal costs across many customers, bringing down each customer's individually allocated cost. The other bidders had to charge Bay State exclusively for similar consulting and legal costs. When it comes to non-cost factors, NEGM is clearly the most experienced Company, having dealt with management service arrangements as far back as the early 1980s. In fact, NEGM, through its predecessor Boundary Gas, Inc., formed the first consortium that imported Canadian gas into the Northeast at Niagara. When the cost and non-cost factors are examined together, it is clear that NEGM is the best-cost service provider.

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Witness Responsible: Francisco C. DaFonte

DTE 1-12: Please refer to sections 2(k), and 6 of the proposed MSA. Address the following: (1) what provisions, if any, govern how the Renewal Project members will agree on the need for NEGM to incur extraordinary expenses, and (2) identify and describe any formal mechanism that would prevent extraordinary expenses incurred exclusively on behalf of one Renewal Project member from being allocated to the other members.

RESPONSE: The cited sections of the Management Services Agreement are intended to address costs which NEGM incurs at the direction of, on behalf of, and which benefit, the consortium of companies as a whole (i.e. the Customer Group). If the need to incur any extraordinary expenses arises, NEGM informs the Customer Group, proposes an estimated budget for that work, and obtains Customer Group approval. There have been very few instances in which any significant costs are incurred on behalf of, or which accrue to the benefit of, only one or a few companies. In instances in which such costs have been incurred, they have been passed through directly to the affected companies only and are not billed to the entire Group.

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Witness Responsible: Francisco C. DaFonte

DTE 1-13: Please refer to page 5 of Mr. DaFonte's pre-filed testimony concerning the Renewal Group. Is there a written agreement among the Renewal Group members such as an Agreement to Form a Consortium or a Memorandum of Understanding that addresses the purpose and/or objectives of the Renewal Group, the premises underlying the formation of the Renewal Group, and/or the respective duties and responsibilities of the individual members? If so, provide a copy.

RESPONSE: No, there is no such agreement or Memorandum of Understanding. The NEGM Customer Group was formed in the early 1980s and has worked together to address the common objective of developing new, reliable, competitively priced natural gas supplies over the past 24 years. The Customer Group meets periodically on a voluntary, self-electing basis to examine consortia-based gas supply solutions to meet the region's gas supply requirements. Guided by these periodic Customer Group meetings, gas supply and transportation capacity objectives of interest to the Group are identified, issues are analyzed, and specific development concepts / projects / RFPs are tabled, reviewed and acted upon. Individual customer LDCs join in project - specific groups, such as the Renewal Group herein described, based on their individual evaluation as to whether the specific project best meets their needs at the relevant time.

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Witness Responsible: Francisco C. DaFonte

DTE 1-14: Please refer to page 7 of Mr. DaFonte's pre-filed testimony. Describe what steps were taken to update the GSA RFP between October 29, 2003, when the RFP process concluded, and November 24, 2004, the date of Bay State's filing.

RESPONSE: Bay State's existing contract with EnCana doesn't expire until April 1, 2005. Other LDCs within the Renewal Group had contracts that expired on April 1, 2004 requiring that the RFP process be conducted to accommodate those LDCs as well as Bay State. Once the RFP process was concluded, Bay State, along with the other LDCs in the Renewal Group, had to make their decision on who their supplier would be based on each LDC's specific needs and the final updated bids submitted by those suppliers on the short list. Bay State selected BP based on a ranking of price and non-price elements along with results from its SENDOUT® simulation model and executed the GSA on or about February 4, 2004. Therefore, no further updates to the GSA RFP were necessary.

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Witness Responsible: Francisco C. DaFonte

DTE 1-15: Please refer to pages 7-10 of Mr. DaFonte's pre-filed testimony.

- (a) Did any of the ten GSA RFP recipients that declined to bid contact the Renewal Group to request additional information or clarification about or to object to any terms of, the RFP process? If so, please explain and support with documentation.
- (b) At any point during the RFP process and subsequent to the announcement of the winning bidder, did any bidder raise an objection to any of the RFP terms and procedures? If so, please explain and support with documentation.

RESPONSE: (a) No. All of the 10 RFP recipients that subsequently declined to bid were contacted prior to the issuance of the RFP. All expressed a desire to receive the RFP documents and often this is for market intelligence purposes only, i.e. to find out what is going on in the market place. No RFP recipient requested additional information or clarification. Some RFP recipients declined to bid because they did not have sufficient upstream pipeline capacity to supply the volumes required by the RFP.

(b) No. No bidder objected to any of the RFP terms and procedures.

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Witness Responsible: Francisco C. DaFonte

DTE 1-16: Please refer to proposed Exhibit FCD-18.

- (a) In evaluating a gas utility's acquisition of commodity resources, the Department considers whether the local distribution company used a competitive solicitation process that was fair, open and transparent. The MSA RFP does not appear to disclose to potential bidders the criteria by which the bids would be evaluated. Discuss/explain how the MSA RFP meets the Department's standard of review.
- (b) Discuss why the MSA RFP did not disclose to potential bidders the criteria by which the bids would be evaluated.

RESPONSE: (a) The MSA RFP was conducted in a fair, open and transparent fashion similar to the GSA RFP and consistent with Bay State's prior RFPs. The MSA RFP was issued on a non-discriminatory basis with service requirements and necessary proposal contents clearly outlined for each prospective bidder. The subsequent proposals were evaluated without bias and NEGM was determined to be the best-cost bid as detailed in Exhibit FCD-20. See also the response to DTE 1-11.

(b) Bay State does not disclose its scoring methodology in any of its RFPs so as not to influence the bidding process or potentially discourage creative bids, or bids from companies that do not have the financial credentials of a major producer. This has been Bay State's practice since the Department's approval of its scoring methodology in D.P.U. 93-129.

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Witness Responsible: Francisco C. DaFonte

DTE 1-17: Please provide a copy of the signed final page of the Axsess bid in response to the MSA RFP.

RESPONSE: The Axsess bid was submitted electronically via email and was not signed.

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Witness Responsible: Francisco C. DaFonte

DTE 1-18: Please refer to page 3 of Mr. DaFonte's pre-filed testimony. The MDQ of the proposed supply contract is 10,471 Dth/day. Please provide:

- (a) the proportion that the MDQ represents in the Company's total commodity resource portfolio.
- (b) the proportion that the MDQ represents in the Company's design-day requirement.
- (c) the proportion that the MDQ represents in the Company's design-year requirement.
- (d) the proportion that the MDQ represents in the Company's seasonal requirements.

RESPONSE:

- (a) The MDQ of the proposed supply contract represents 2.31% of the Company's total commodity resource portfolio.
- (b) The MDQ of the proposed supply contract represents 2.36% of design day requirement.
- (c) The MDQ of the proposed supply contract represents 5.02% of design winter requirements.
- (d) The MDQ of the proposed supply contract represents 5.52% of normal winter requirements.

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Witness Responsible: Francisco C. DaFonte

DTE 1-19: Please discuss how Bay State evaluated the need to renew the Canadian contract as a part of Bay State's resource portfolio. Specifically, provide a Table with the following information and for the time period April 2005 through March 2007:

- (a) forecast of firm sales customers.
- (b) forecast of firm sales in terms of TCQ/Year.
- (c) forecast of firm transportation customers.
- (d) forecast of firm transportation sales in terms of TCQ/Year.
- (e) forecast of reverse migration (number of firm transportation customers coming back to firm sales service).
- (f) forecast of reverse migration (sales) in terms of TCQ/Year.

RESPONSE: The Company first determined its needs for the twenty-four month period based on the most recent sales forecast including non-grandfathered firm transportation customers, for which the Company is obligated to plan. Next, the Company identified all viable supply options available to it in the market place through a comprehensive RFP process. All bids were evaluated on a cost and non-cost basis. The Company utilized its SENDOUT ® optimization model to perform a resource mix analysis on the available resources to determine the volume, if any, required to serve the anticipated demand in a least-cost fashion. As demonstrated on page 13 of Exhibit FCD-17 (CONFIDENTIAL), the SENDOUT ® model chose 100% of the available BP volume as it was determined to be the least cost alternative. On a non-cost basis, BP and bidder E were ranked highest.

The table below provides the information requested for the time period April 2005 through March 2007.

	April 2005 – March 2006 (Dth)	April 2006 – March 2007 (Dth)
Sales Customers	283,446	286,358
Transportation Customers	3,297	3,297
Sales Sendout	36,953,566	37,360,422
Sales MDQ (Design Day) 1/	418,142	422,581
Transp. Grandfathered Sendout	11,679,181	11,741,053
Transp. Grandfathered TCQ 2/	75,016	76,018
Transp. Non-Grandfthr Sendout	3,688,833	3,713,915
Transp. Non-Grandfathered TCQ	29,379	29,734

1/ For sales service, Total Contract Quantity (TCQ), represents the maximum daily quantity (MDQ) of firm sales requirements.

2/ Grandfathered transportation TCQ represents the portion of system MDQ not related to Bay State's firm sales and non-grandfathered requirements.

Transportation customers reflect both grandfathered and non-grandfathered transportation. Transportation sendout reflects grandfathered customers only, while non-grandfathered sendout is included with the Sales Sendout. Bay State has no explicit forecasts of reverse migration for grandfathered or non-grandfathered customers. However, since the Company's experience of reverse migration has been virtually flat since November 2000 (at approximately 18,000 customers), reverse migration has not contributed to any sales growth in the forecast period, and as such the number of customers and TCQ forecast for this category can be considered zero.

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Witness Responsible: Francisco C. DaFonte

DTE 1-20: Please refer to proposed Exhibit FCD-11 of Bay State's filing. Explain how Bay State determined the values for every non-price attribute of each bid. For instance, on page 2 of the exhibit, what is the method Bay State used to assign 33 points out of a maximum of 35 to bid B and only 29 points to bid A? Please discuss and provide all back-up material including memoranda and analyses.

RESPONSE: As discussed earlier, each of the non-price criteria contains specific elements within it (Exhibit FCD-10) that Bay State used to subjectively determine a ranking. These non-price criteria are the same as those utilized in D.P.U. 93-129. For example, flexibility rankings were based on the ability to nominate volumes from 0 up to the Daily Contract Quantity prior to the start of each month. Those suppliers that provided the maximum level of swing flexibility without a minimum take provision were given the highest score. In addition to those elements of reliability listed in Exhibit FCD-10, supplier scores for reliability were also based on the contribution to the level of supplier diversity within the portfolio. That is, if the supplier was already a significant supply resource, no additional points were given, whereas if the supplier had no contribution or a limited contribution to the supply mix, additional points were given as detailed on page 2 of Exhibit FCD-11. The viability scores were based on the financial integrity, diversity of supplies, accessibility to storage, reputation of supplier and past performance as detailed on page 4 of Exhibit FCD-11.

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Witness Responsible: Francisco C. DaFonte

DTE 1-21: Please refer to page 7 of Mr. DaFonte's pre-filed testimony.

- (a) Indicate whether it is common practice for issuers of RFPs to interview potential bidders prior to the issuance of the RFPs.
- (b) Explain whether the "interviews" that were conducted were based on a specific script. If so, provide a copy of the script. In addition, provide all notes, emails, internal memoranda and all other available materials that summarize the interviews.

RESPONSE: (a) Yes, it is common practice to interview potential bidders prior to issuing an RFP. The bidders list is composed through an oral survey of the NEGM Renewal Group to see what suppliers they would like to see on the list. Many of the bidders have an existing supply history with some members of the Renewal Group and therefore these companies and their representatives are well known to the Group and it is not necessary to interview them. The informal interviews are held with new suppliers on the bidder list.

(b) No, the interviews were informal and not conducted with a specific script. The purpose of the interview is:

1. To explain to all potential bidders the inner workings of the NEGM group.
2. To make sure the potential bidder is a credit worthy, reliable supplier.
3. To have a face to face meeting with the individual(s) in order to establish a better potential working relationship in the future.

Attachment DTE 1-21 is a memo from the original Boundary replacement RFP (January, 2003) stating who NEGM would interview and what would be discussed. Many of the suppliers contacted in the original Boundary replacement process (EnCana) were used again to establish the list of potential EnCana replacement suppliers.

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Witness Responsible: Francisco C. DaFonte

DTE 1-22: Please refer to pages 7 and 8 of Mr. DaFonte's pre-filed testimony. Discuss, and support with documentation, the process by which potential replacement gas supply bidders were identified and BP Canada Energy Company selected to provide such services. Include the following information:

- (a) Discuss, and support with documentation, including all internal memoranda, emails and back-up materials, how and why the 22 bidders were chosen and how and why others were not chosen.
- (b) Supply bidders were selected on August 1, 2003 and the winner on October 10, 2003. Proposed Exhibit FCD-5 lists top North American gas marketers and is dated December 9, 2003. Since Bay State could not have relied on this exhibit in selecting supply bidders, identify all sources upon which it did rely and support with documentation.
- (c) Discuss why some but not all of the natural gas marketers listed on proposed Exhibit FCD-5 were invited to participate in the GSA RFP.

RESPONSE: (a) As stated in Bay State's response to DTE 1-21, the bidders list is the result of an oral survey of the NEGM Renewal Group as well as a review of publicly available lists of gas supplier rankings. The Group refined an initial list collaboratively with additions and deletions. In addition, companies on the list were then contacted to gauge interest in participating in the bid. The final list of RFP recipients was one that was acceptable to the Group and that included many of the top producers and marketers providing service at the time the RFP was issued.

- (b) Gas Daily publishes a quarterly marketer ranking. The Gas Daily list of marketers dated December 9, 2003 and provided in Exhibit FCD-5 was not used to compose the list of RFP recipients. Bay State provided Exhibit FCD-5 to give the Department an overview of the market participants at the time of the RFP compared to the Group's list of bidders. The actual Gas Daily quarterly marketing ranking that

was used as one reference for the initial list of suppliers is dated Wednesday, April 16, 2003. See Attachment DTE-1-22.

- (c) LDC or NEGM recommendations resulted in most of the shippers on the RFP bidders list. The recommendations are made from years of actual business experience with these suppliers as a counterparty. NEGM checked the recommended supplier list with the suppliers listed in Gas Daily to ensure no qualified participant had been omitted. The Gas Daily list of April 16, 2003 compares favorably to the final RFP recipients list: almost half of the marketers on the Gas Daily list received an RFP package.

This was a difficult time in the marketing sector post- Enron. Several of the marketers on the Gas Daily list were experiencing credit issues and therefore could not (or would not) bid. For example, Mirant, Dynegy, Aquila, El Paso, Reliant and Williams all were either not asked or declined to bid for credit reasons. ExxonMobil (Imperial) would only offer gas at Dracut, rather than the desired Niagara and Waddington receipt points. It was known that Entergy-Koch was a buyer not a seller of gas at Niagara. ConocoPhillips and Oneok were asked to be on the list, but it was determined that, as Gulf-based marketers, neither conducted business on the Canadian border. The remaining entities on the RFP supplier list (Marathon Canada, Husky, Cargill, Emera, Apache Canada, DTE Energy and Canadian Natural Resources) had sufficient credit and could market Canadian gas.